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## Garbage Collection and Disposal in Portland

City Club of Portland (Portland, Or.)

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# **REPORT on GARBAGE COLLECTION AND DISPOSAL IN PORTLAND**

TO THE BOARD OF GOVERNORS,  
THE CITY CLUB OF PORTLAND:

## **INTRODUCTION**

This Committee was authorized to study the method of garbage collection and disposal in Portland, and to study the method of salvage, with a view of determining their efficiency, their costs, their convenience to customers, their health factors, and to make such recommendations as in the Committee's judgment would improve any or all of these factors.

The study was to investigate specifically the following four problems:

- (1) Have the garbage collectors engaged in racial discrimination against Negroes who desired to become garbage collectors?
- (2) Is the union of garbage collectors a combination of employees, or is it a combination of owners engaged in setting prices, routes and services?
- (3) Are the services rendered by garbage collectors adequate and are the prices charged excessive?
- (4) Should Portland own and operate the garbage collection system, or should it enter into one contract for the whole city, or should it increase the supervision it now has over the present system?

## **THE COMMITTEE AND ACKNOWLEDGEMENTS**

The current members of the Committee are Dr. Thomas Coates, James E. Maxwell, R. W. Nahstoll and Howard H. Campbell, chairman. Former members of the Committee are Dr. Bradley M. Davis and Robert G. Dieck, to whom the Committee expresses its appreciation.

The Committee also expresses its appreciation to the officers and staff of the City Club, to City Commissioner William A. Bowes, his staff and assistants, and to Professor Arthur H. Livermore of Reed College and his student, Floyd Kingston. Professor Livermore and Mr. Kingston assisted the Committee in investigating scientific literature relating to disposal methods.

## **DEFINITIONS**

The Committee was first obliged to limit the area of its investigations. It eliminated any consideration of the problem of fumes, gases, smoke, sewage, precipitation, streams, springs, percolating water and the disposition of human bodies or parts thereof. It did consider all other garbage developed from human living, such as kitchen waste, abandoned automobiles, dead animals, litter, ashes, garden trimmings, cans, crockery, etc. It did not investigate salvage efforts made by persons or organizations such as junk dealers or churches in the collection of paper, scrap metal or rummage. It limited its investigations entirely to the organized business of garbage collection by licensed garbage collectors, and the municipally owned and regulated disposal and salvage systems.

In the technical literature, the words "refuse" and "waste" refer to all types of material that have been discarded by their owners and the word "garbage" refers only to wastes created in the preparation and consumption of human food. In this report your Committee uses the "garbage" as synonymous with "refuse" and "waste" because "garbage" is commonly so used in Portland.

## PRESENT GARBAGE COLLECTION SYSTEM

### Collection Supervision

#### (1) MUNICIPAL ORDINANCES AND LICENSES

The City of Portland is one of the few remaining large cities in which garbage is collected by a group of separate collectors. Most large cities have either a municipally owned system or a contract with one large collector. At the present time, as in the immediate past, the trend seems to be away from private collectors, toward municipal ownership and contract collecting, with a minor trend from established municipally owned systems to contract systems.\*

In Portland, garbage collection is handled by a group of independent business men who own their own equipment and enter into individual contracts with the owners of property for the removal of their garbage. The City requires the householder to dispose of his garbage and prohibits unsanitary and unsightly accumulation of garbage on private property. (Sec. 18-1702, Health and Sanitation Code.) A citizen may dispose of his garbage himself and a small minority of citizens in fact do take their garbage to the fill and hire no garbage collectors. Most citizens employ a collector to carry away, and to dispose of, their garbage.

The City requires each householder to provide a metal garbage can with a tight metal cover for every dwelling and for every other place where garbage is created. (Sec. 8-1412, Housing Code and Secs. 18-1911, 18-1417, 18-821 of Health and Sanitation Code.) Every occupant of a dwelling is required to keep his garbage can in a clean condition at all times. (Sec. 18-821, Health and Sanitation Code.) If the householder hires a collector, the collector is required to affix his license number in an inconspicuous place on the can. (Sec. 18-1714, Health and Sanitation Code.) Apparently this last ordinance is not enforced.

An ordinance requires the owner of property to separate his garbage into combustible and non-combustible materials. (Sec. 18-1713, Health and Sanitation Code). It is not enforced. Separation of garbage has not been practiced generally in Portland since 1923.

The city enforces these ordinances, if at all, by criminal process through the Nuisance Section of the Police Department. The garbage collectors unofficially assist in enforcing the sanitary ordinance by urging their customers to comply and by reporting any flagrant violations.

Each garbage collector must obtain a city license before he may engage in this business. The license fee is \$350 a year for those who collect entirely within the City, and \$600 a year for those who collect outside the City or partly inside and partly outside. The fees are paid to, and the licenses are granted by, the Bureau of Licenses in the City Auditor's office.

Each application for a license must be approved by the Superintendent of the Bureau of Refuse Disposal. One of the purposes for requiring the approval is to assure the city that the applicant's equipment is adequate from a sanitary point of view.

In addition, the licensing ordinance (Sec. 20-7701) states that, if the applicant has not had a license before, "he shall submit a list of customers who shall have agreed to give him their business, which list shall contain sufficient names to satisfy the Superintendent of the Bureau of Refuse Disposal of the necessity of approving a license." In the Butler case described later in this report, the Superintendent required a list of not less than 200 names.

The ordinance also recognizes that a license may be transferred during the year upon the sale of the "business of said holder to the purchaser thereof."

The usual method by which a person enters the business of being a garbage collector is to purchase a route from an existing collector. Mr. John H. Deines, the Secretary-Treasurer of the garbage collectors' union, notifies the Superintendent that a route has been sold to a new collector and that the purchaser is a union member in good standing. The Superintendent will check the equipment and, if it is adequate, he will note his approval on the application form.

\*See "Refuse Collection Practice" published by American Public Works Association for its Committee on Refuse Collection and Disposal, Chicago, Illinois. 1941.

have been withdrawn. Your Committee was unable to ascertain why the applications were withdrawn.

The City's other ordinances relating to garbage collection and disposal are of no present significance. They provide that dead animals shall be cremated in the incinerator; that garbage trucks be washed at the incinerator and dump, and that an annual fee of \$2.50 be charged licensed collectors to pay for the washing facilities. They authorize the Superintendent of the Bureau of Refuse Disposal or his representative to designate the place in the fill where various kinds of refuse shall be deposited. They authorize salvagers to search through the dump, and regulate their liability to the City and others.

## (2) THE COLLECTORS, THEIR EQUIPMENT AND OPERATION

On January 1, 1955, there were 211 licensed garbage collectors in Portland, 24 outside the City, and 10 swine feeders. The number of collectors has remained almost constant during the last five years and presumably for some time prior thereto, despite an estimated increase in the city's population of 6.7% since 1950.

The 1953 directory published by the union shows 255 licensed members and 96 unlicensed members. The unlicensed members do not own their own equipment and routes and are employed by the others. In short, there is a ratio of 2 employees to 5 owners in the union.

The current average union wage scale for helpers and drivers is \$2.00 per hour. Your Committee has no evidence that the employing majority in the union has taken advantage of their employees in the matter of wages.

Most of the collectors do their own driving and own only one truck. Willamette Sanitary Service is the largest single operator with two trucks.

Most of the trucks are hydraulic lift dump type, with a metal bed about 7 x 12 x 6, an open top and two swinging doors at the rear. A few collectors have purchased "packer" trucks; that is, trucks with a covered metal body with a hydraulic device which compresses the garbage when it is being loaded. The packers are heavier (16,000 lbs.) and more expensive (\$10,000) than the other type of truck (7,000 to 9,000 lbs. and \$4500), and they are fairly expensive to operate and difficult to manipulate at the fill. Some manufacturers are attempting to perfect a lighter and less expensive packer and it is expected that they will receive more general acceptance.

Mr. Deines and Mr. Peter Deering told the Committee that it costs about \$150 a month to operate one present open-bodied truck, including depreciation. Mr. Deines states that it required at least another \$100 a month for packer-type trucks.

The city has an ordinance which requires garbage trucks to be covered at all times. Obviously this is an onerous requirement for the owner of an open-type truck when he is making constant house-to-house stops. Consequently, the trucks are completely covered only on the long hauls from the ends of the routes to the fill. In addition, the union tries to require the collectors to keep their canvas coverings over the part of the trucks not being filled while making house-to-house stops.

The problem of covering the open-type garbage truck has caused considerable comment. The occasional littering of the streets has caused complaints to the city and to the union. Some citizens consider uncovered trucks to be objectionable both from an esthetic and health point of view. According to Dr. Adolph Weinzirl of the University of Oregon Medical School however, the open-bedded truck is not a health menace in Portland's climate.

The Committee's specific questions concerning typical routes, numbers of customers served and cost factors were not answered in detail by the union. Consequently we do not know how many accounts the average collector owns. If we assume that the average truck bed is 7 x 12 x 6 feet, and therefore holds about 19 cubic yards, and that each account has one 25-to-30 gallon can, it would take about 100 accounts to fill the truck for one load each day. If the collector made only one collection from each account each week and worked six days a week, he would have to own approximately 600 accounts.

We believe this a very conservative estimate in view of the fact that there were 200,751 non-farm dwelling units in the Portland Metropolitan Area, excluding Clark

Since 1951 the Superintendent has had one or two applicants for original licenses who have not purchased routes—other than those mentioned below—and the applications

County, in 1950. In addition to these dwellings, the following commercial accounts would require garbage service:\*

Retail Stores .....	6,671
Wholesale Establishments .....	1,344
Service Establishments .....	2,738
Manufacturing Establishments .....	1,201
Amusements .....	182
Hotels .....	179

Mr. Deering told us that his route has 817 residences in it and they kept him and a helper busy with a truck whose bed was  $7\frac{1}{2}$  x 14 x 6 ft. He said they could load not much more than 19 pick-ups an hour.

We understand that the routes are well established and remain basically unchanging. The collectors try to make it difficult for a customer to change garbage collectors. The manager of a downtown office building tried for some 8 years to fire the collector but was unable to do so because no other collector would take over the account. Similar experiences have been had by other persons throughout the city.

If a customer insists on changing collectors, the new collector is expected to give the old collectors one of his accounts for the new account. Your Committee understands that the collectors have so traded accounts for the purpose of consolidating their routes.

Mr. Deines told your Committee that after a collector had obtained a new account, it was considered an unfair practice for another collector to make any effort to win the account away.

Mr. Deines advised that the union did not "determine" routes in the city, but it assisted in the determination outside of the city. He indicated that the rounding out of routes in the city was largely a voluntary matter on the part of the collectors and that the union did nothing to discourage such rounding out and would in fact be willing to lend assistance. Mr. Peter Deering's testimony corroborates that of Mr. Deines, but your Committee believes that the union's "assistance" in the city is very helpful in preserving the routes.

These conditions are apparently partly the result of efforts made by both the city and the union during the depression years to keep the city serviced by responsible collectors, and to protect such collectors by eliminating competition. Both the so-called *Weatherly Report* in 1934 and the *Riley Report* in 1937\*\* considered the protection of the collectors by recommending the establishment of set routes and rates.

These circumstances have made garbage collecting routes of value and they are now customarily bought and sold like other kinds of property. Your Committee understands that a route and the individual accounts in a route are valued at the gross return for ten months, e.g.: if an account is charged \$1.00 per month, the value and the sale price of that account would be \$10.00.

Practically all residential accounts have one pick-up a week, and one garbage can. In Portland the householder does not move the can to the park strip or to the alley, as is required in many cities. Here the collector stops his truck, climbs out, takes his metal container from a hook on the rear of the truck, carries the metal container to the back door of the house, empties the garbage can into the container, walks back to the truck, lifts the container up over the side of the truck, dumps its contents, returns the metal container to its hook, climbs back into the truck and drives to the next house. Occasionally a collector is able to empty the cans of two or more houses at the same stop and sometimes he climbs up on the bed of the truck to compact the garbage.

The charge for collection varies with the neighborhood. In most districts the charge is \$1.00 per month.\*\*\* In some suburban areas the charge is \$1.25. In Portland Heights, Kings Heights, Westover and Terwilliger Heights and some other areas, it is \$1.50. The

\*Census of Manufacturers, 1947; Census of Business, 1948; Census of Housing, 1950.

(\*\*)Both of those reports were made by committees established by the Mayors whose names they bear. They were primarily concerned with making garbage collection and disposal self-sufficient so that the tax load of the city could be reduced.

\*\*\*In October, 1955, after this report was submitted, the Union raised the basic service cost to \$1.25 per can city-wide. Some citizens voiced objection to the City Council, and the Council held an open hearing on the cost of garbage collection. The Commissioners were reported to agree that the Council had no power to interfere and that the basic charge of \$1.25 was justified, since no increase had been made by garbage collectors since 1950, although operating costs had increased appreciably.

The Commissioners did not discuss the possibility that the charges were excessive because of monopolistic practices of the Union.

difference reflects in part the greater difficulty of carrying garbage on hilly terrain. If garbage in excess of normal number of cans is produced, the collector is likely to charge for it, and this practice has caused more discontent and misunderstanding between collector and customer.

The amount and type of garbage produced by commercial accounts varies to such a marked degree that no pattern of either collection times or charges has been established. Many commercial accounts have their own incinerators and therefore send out only the non-combustible refuse. Most commercial accounts, however, have at least one 27-gallon can picked up each day. A few have up to 8 or 10 cans a day. Whereas most residential collection is done during the usual working day, most commercial collection, particularly in the downtown area, is done before or after the daylight working hours.

The collectors have tried to establish a minimum rate for commercial accounts of 70c for one can with one pick-up per week. If the refuse is mostly paper (such as from government offices), the charge may be as low as 40-50c a can because the collector can salvage the paper.

Actually there is no established or consistent rate. For instance, for many years the charges for the Lewis Building were different from the Board of Trade Building across the street for no apparent reason.

Commercial rates are negotiated between the collector and the customer from year to year, and vary with the abilities of the parties to haggle. The increase in commercial rates from 1935 to 1950 has been in the ratio of 1 to 5, whereas the cost of operating a downtown office building has only doubled in that time. It would appear that commercial charges have increased more rapidly and drastically than residential rates.\*

Your Committee tried to make a comparison between the cost of garbage collection in Portland and the costs in other cities of comparable size. Commissioner Bowes gave us the benefit of his elaborate investigation of the services rendered by garbage collectors and the costs of garbage collection in cities of about the same size as Portland. (Copies of those comparative figures are in the City Club files.) In addition we studied numerous other works showing the relative costs of collecting garbage. We believe that no adequate comparison can be made because of inability to determine accurately the important cost factors and because of differences between the various systems.\*\*

The following are some of the factors:

- (1) in some cities segregation of garbage is required
- (2) pick-up for refuse and garbage is required on different schedules
- (3) householders are required to deposit garbage on park strips or in alleys
- (4) there are marked variations in elevation or street patterns.

Your Committee tried to determine whether the charges were excessive and, for that purpose, tried to ascertain the amount of profits received by the collectors. We heard many stories about how lucrative a business garbage collecting is, but we were able to prove practically nothing in that connection.

The most we have been able to do is to get some idea of a typical monthly income for a garbage collector. We have made the following assumptions in our calculations: the collector operators without an employee; he makes one trip to the fill each day with a loaded truck which requires 100 residential customers per day or 600 per week; if he charges each of his customers \$1.00 per month he would have a gross income of \$7,200 per year. On the basis of our best information, his operating costs, including gas, oil, depreciation and maintenance of equipment, amount to \$150 per month or \$1800 per year. His license fees would total \$380 a year and his union dues would be \$60 a year. An estimate of average incidental costs is \$300 a year. His net income, before taxes, would be \$4,660 or approximately \$400 a month.

\*Mr. Deines explained this ratio increase in part by pointing out that prices were depressed in 1935. He also advised that garbage collectors engaged in an internecine struggle in the early thirties between a faction that desired to incorporate and obtain a city franchise for the whole city, and a faction which desired to continue as independent entrepreneurs. The factions apparently engaged in a price war in which the independent faction was victorious.

\*\*Mr. Deines asked us to consider the changes in other Oregon towns. The League of Oregon Cities conducted a survey which showed that the charge of \$1.00 or more was general. Your Committee felt this evidence was of no great consequence because of the differences in conditions. See discussion below.

One collector told us that some collectors grossed as little as \$500 a month and that most gross between \$750 and \$800 a month. (However, notice the figures that Mr. Gustafson grossed.) See page . . . .

We consider these figures to be the basic minimum because many of the 100 customers would pay more than \$1.00 a month. Our own best estimate as to the approximate monthly income of the average collectors would be \$600 to \$700 a month. Only by such a return could the business attract the capital and ability exhibited by the existing garbage collectors in competition with other types of manual labor.

Your Committee does not know what effect the employment of a helper would have upon our calculations. Since many collectors hire helpers at \$300 to \$400 a month, they must produce more than their salary to justify hiring them, and therefore the total gross would be larger.

All we really know is that the income of Portland's garbage collectors varies markedly, depending on how hard the collector works, the numbers of his commercial accounts, and the location and size of his routes. We think it is probably a profitable business.

Your Committee frequently heard that many of the collectors were related by blood or marriage, and that they were therefore a homogenous group which made it easier to reach agreement upon business practices and to enforce such agreements. Our impression is that the relations of blood and marriage may be a small but still significant factor in determining business matters.

Your Committee's impression is that the collectors in general are vigorous, able, and extremely efficient operators. Part of the profit is clearly due to efficient operation. There is a certain amount of social stigma involved in being a garbage collector, and the income must be satisfactory to persuade able people to do it. They do heavy physical work in all kinds of weather and often in unpleasant surroundings. They are entitled to a reasonable return on their investment. In short, Portland's garbage collectors are probably well paid.

### (3) THE UNION AND HOW IT OPERATES

The union is "Sanitary Truck Drivers Local No. 220," affiliated with the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers, A. F. of L. It has offices in the Teamsters Building at 1021 N. E. 3rd Avenue, Portland. The president is George Deering, a brother of Peter Deering mentioned elsewhere in this report. The Secretary-Treasurer is now and has been for some time, John H. Deines.

Mr. Deines has been in the garbage collection business since 1924 and seems to know a great deal about it. As the spokesman for the union he wields considerable political power. As the leader of the majority of the members he also exercises considerable power in handling disputes over accounts, prices and rates, which duties in many cities would be handled by a public official. Your Committee's impression is that, by virtue of his experience and position, he is accepted as an unofficial public administrator in supervising the collection of Portland's garbage.

The union's initiation fee is \$25. The monthly dues are \$5, of which \$1 is a premium on \$1200 worth of life insurance. In addition, a member may obtain the Teamster's health and welfare benefits for a monthly payment of \$10.40.

The union's jurisdiction has been broadened to include not only collectors from Portland but also those serving Oregon City, Milwaukie, Newberg and St. Helens.

Your Committee was shown a copy of the formal charter granted to the union but was not given a copy of the by-laws or copies of any written rules or regulations. We believe that most of the understandings and agreements reached between the members of the union are verbal and that they remain verbal so that greater secrecy can be maintained.

The activities of the union differ somewhat from those common to unions of employees. They include:

(a) General business assistance to the members, including health and welfare plans, advice about collection, financing, and other business problems.

(b) Supervision and administration of the collection of garbage, including calls from the office of the City Commissioner in charge of garbage disposal and the Superintendent of the Bureau of Refuse Disposal handling customers who are seeking advice or airing a complaint.

(c) Setting prices, "assisting" in maintaining routes, protecting the ownership of accounts, limiting admission to the business and other efforts to limit and control competition.

Most matters relating to the administration of the garbage collection system are handled by the union as an unofficial part of the municipal administration. Complaints about any aspect of the system, or persons seeking help or advice, go to the union's office or are referred there by city officials. Obviously the service rendered by the union is good public relations for the collectors, but it is still a worthwhile service efficiently handled.

The union's most significant activity for the purposes of the study has to do with its efforts to restrain competition. The union officially denies that it engages in any such activity but there is considerable evidence to the contrary. In addition to the evidence mentioned above, there have been four fairly public disputes between the union and non-union collectors, which illustrate the extent to which the union restrains competition and the methods used. The tools used to enforce their policies are as follows:

(a) Use of economic and social pressures and privileges granted to unions: e.g., urging customers and others to boycott non-union members because they are "scabs"; harrassing customers of non-union collectors by trespassing on their property; making of statements to politicians that they should not offend "organized labor" by hiring "non-union" collectors.

(b) Discipline of members by threat of loss of union status and the benefits thereof. The economic protection and benefits given by the union to its members are sufficiently great that most collectors are reluctant to lose them, and some collectors, after they have tried to buck the union, have made peace with it.

(c) Pressures on public officials to forestall the issuance of a license to non-union applicants. Although the ordinance does not require union approval before a license is issued, and some licenses have been issued without union approval, practically speaking, union approval is a prerequisite to obtaining a city license.

(d) Threats of physical violence, such as sabotage of non-conforming collector's equipment, or physical assault against their persons while collecting or dumping garbage. The Committee knows of no actual occurrence of physical violence.

The four publicized affairs which have come to the Committee's attention are described below. The Committee has no reason to believe that these were the only such affairs.

### **A. The Butler Affair**

The first incident involved Odel Butler, a Negro collector, and was the incident in which the union was charged with racial discrimination.

Mr. Butler had tried various jobs until 1948 when he decided to go into garbage collecting. He acquired a used 1942 truck for \$1785 and applied to the License Bureau for a license. He was told that it would be necessary for him to have a list of not less than 200 customers, that his equipment would have to be approved by the Superintendent, and that it was very desirable for him to obtain the approval of the Union.

He applied for union membership. Mr. Butler told the Committee that the secretary of the union told him and his friends that it was necessary for him to purchase a route from the existing garbage collector and that the price was approximately \$6,000. Butler also said that he had been told that the union did not want any Negro members. The union denies that such statements were made. Some Negro employees have been used. Mr. Deines said that public acceptance was not good.

In the meantime, Mr. Butler had gone to his friends and neighbors and had obtained a list of 260 persons who stated that they were prepared to hire him as their garbage collector. Many, if not most of the names obtained, were customers of existing union collectors.

Mr. Butler obtained approval from the Superintendent of the Bureau of Refuse Disposal for his equipment, but he was unable to obtain membership in the union. He never has become a member of the union and continues to operate as a non-union collector, primarily with Negro customers. At the time we interviewed him he had 562 customers, of which he estimated 75% were colored.



He told the Committee that members of the union threatened him with violence, both while he was collecting and at the dump; that they called the Nuisance Department of the police and complained of an unsanitary truck; and that they called his customers and referred to him as a "non-union scab."

Mr. Butler and the individuals and groups supporting his attempt to gain admittance to the union believe that he was denied membership in the union because of racial prejudice. Your Committee believes that the overriding reason the union opposed him was that he had effectively taken a substantial number of customers away from other collectors without paying for them and that he had cut the established rates.

### **B. The Gustafson Affair**

The affair which received the most publicity and about which there is the least doubt about the facts, was the affair of Harold Gustafson and the Housing Authority of Portland.

Mr. Gustafson, a member of the union, had bid on and received a contract from the Housing Authority of Portland, Oregon, to collect ashes and garbage from Vanport in 1944. According to Gustafson, he relinquished the contract, under pressure, to the union which divided the work among thirty of its members. Gustafson's share of this work grossed \$2400 per month. The remaining \$6100 was divided among the others. After the contract was over, Gustafson did not bid again because, we are told, he was not able to make sufficient profit from the portion left to him.

Mr. Deines' explanation of the system used during the war (and still used) to cope with the growth of public housing, was to make every garbage collector bear his share of the responsibility of carrying garbage at a fair price, and to prevent any one collector from making an undue profit during the war by obtaining the large and lucrative contracts.

He advised that this method was known to the Housing Authority and that before the Gustafson affair, eight or ten union men tried to combine for the purpose of cornering the public housing contracts, but their efforts were frustrated by the union, which expelled them. Mr. Deines' attitude was that the union took the responsibility of performing a service and seeing that no undue profit was made, and that "if there were a few extra bucks to be made, our people and not some Okie from Wyoming like Gustafson oughtta have 'em."

In 1945 the Housing Authority hauled the ashes from its housing units but contracted the garbage collection to a member of the union. The union allocated five accounts to Gustafson from that contract, from which he made about \$150 per month gross. He did not work at these stations very long.

In 1946 the Housing Authority employed Gustafson to haul ashes for them in its own trucks. After a short time, the Housing Authority entered into a contract with him by which he was given the right to collect all of the ashes. Various officers and members of the union objected to Gustafson because they believed that the ashes contract should have been divided among the union members.

On June 9, 1949 the Housing Authority invited bids for garbage collection on its various housing projects. They received the following bids for the collection of garbage at University Homes: Henry Wunsch, \$2370 per month; Marcus Gerlach, \$2272.37 per month; Harold Gustafson, \$1816.41 per month.

Mr. Gustafson's bid was low by \$455.96 a month, or an annual saving to the Housing Authority of \$5471.52.

The union objected to the Housing Authority about Mr. Gustafson on the grounds that he was not a responsible operator, did not have adequate equipment, could not perform the contract, and was not a union man.

The Housing Authority gave Mr. Gustafson an opportunity to get a city license, to become a member in good standing of the union, and to acquire the necessary equipment.

(During the early part of 1949 Mr. Gustafson had worked out of the city and had not paid his union dues.)

Gustafson applied for reinstatement in the union: e.g., he requested the right to pay his dues to date and thus continue his membership. The union refused to reinstate him, and Gustafson employed an attorney and the ensuing negotiations resulted in consider-

able activity and many acrimonious words. The following is an extract from a report Gustafson made to his attorney, and indicates the type of argument involved:

"... As I started past the president (of the union), he said, 'Just a minute.' I stopped. He asked me, 'Why did you bid for, and what are you going to do for all the men that are working on that contract now?' I answered, 'I've got to make a living also, if possible.' He then stated, '... you would rather deal with the d---d Housing Authority than with us,' and invited me out doors to have it over with once and for all. I paid no attention to him. ..."

Deines' explanation by letter to the Housing Authority for the union action regarding Gustafson is, in part, as follows:

"Experience has taught us that the fly-by-night operator is not an asset to our organization, to the industry, or our city. It is our firm opinion that everyone has the right to join a labor organization or not to join, in the pursuit of his or her work but it ill behooves anyone to take the position of being a free rider wanting all the benefits that may accrue, then cast it aside in a dishonorable way until their own selfish interests might be served by crying for aid when interested in this or that job. This attitude of Mr. Gustafson is what predicated the action of Local No. 220 in refusing his reinstatement. ..."

The net result was that the City gave Gustafson a license and the Housing Authority awarded him the contract. He performed the contract, even though he was not a member of the union, and the Housing Authority saved \$5471.52.

The Committee has been told that Gustafson was able to make a satisfactory profit despite the substantial price reduction.

### **C. Lass vs. Lind**

Peter Lass, Jr., on his return from service in World War II, purchased a garbage route in the southeast part of Portland. Among the accounts which he purchased was the Montavilla Fred Meyer store.

In 1948 another collector, Jack Lind, doing business as Willamette Sanitary Service, had a contract to haul the garbage from most, if not all, of the other Fred Meyer stores, including the old Rose City store on upper Sandy Boulevard. The old Rose City store was on the north side of Sandy, approximately a block farther West than the new Rose City store.

Lass put in a bid to haul the garbage from the new Rose City store. His price was lower than Lind's price, and Lass was awarded the contract.

Lind was outraged because he considered that Lass had stolen his Rose City account. Lind objected strenuously to Elmer Williams, then in charge of personnel matters for Fred Meyer, and to Lass and to the executive board of the union. Your Committee has been advised that the union demanded and received Lass' union card.

Williams arranged a compromise whereby Lass exchanged his Rose City store account for the Fred Meyer Southeast store which Lind had been handling and which was surrounded by Lass' other accounts.

However, the union refused to reinstate Lass as a member and for a period of two years he paid no dues although he sometimes tendered them.

In 1951 Lass lost the Montavilla store account. Lass was of the opinion that the union was continuing to support Lind.

Your Committee has been advised that Lass finally reached an agreement with the union and that he is now a member in good standing in the union.

### **D. The Cedar Hills Contract: Hohnstein vs. Deering**

The fourth and most recent incident arose over contract bidding for the collection of garbage at Cedar Hills, a west side suburb of about 900 homes.

Prior to 1952, George Hohnstein, a union collector, serviced the Cedar Hills area. His original charge was \$1.25 per month. That was and apparently is the prevailing rate in the west side suburban areas. His collection was done on an individual basis because the then controlling members of the Homes Association of Cedar Hills, a quasi-municipal organization for the area, encouraged that arrangement.

In May, 1952, the residents of Cedar Hills actively obtained control of the Homes Association and immediately began investigation of the method of garbage collection, with the idea of changing the collection from an individual basis to a contract basis for the whole area. The Association asked for bids and Peter Deering submitted a bid along with George Hohnstein. Their bids (\$1.00 a can) were identical, and the Association gave the contract to Hohnstein for the rest of 1952.

Deering's making a bid at all, even an unsuccessful one, violated the union policy that a union member may not submit a competitive bid against an incumbent fellow union member.\* The union declared him guilty of such a violation and assessed him a \$350 fine, which he paid.

Shortly thereafter several new commercial accounts were opened for bids. Deering submitted bids on them with the understanding that the union would prevent competitive bidding against him. The union failed to protect him and the accounts were awarded to other union members, but the union refused to take any corrective action.

When the Cedar Hills contract for 1953 was opened for bid in the fall of 1952, Deering submitted a bid of 90c a can, and the contract was awarded to him instead of to Hohnstein who had bid \$1.00 a can. Deering was dismissed from union membership.

Even before the contract was awarded to Deering, the Union made efforts to prevent that result. Deering told the Committee that: (1) the union refused to approve a sale and transfer of Deering's downtown accounts to Joe GrosJacques, and the sale therefore fell through; (2) when Deering hired a union member to operate his downtown route until his nephew (Richard Lehl, also a member of the union although inactive because he was serving in the armed forces) could return to Portland and purchase the route, the union dismissed the employee when that employee failed to pay a fine imposed for dealing with a non-union collector; (3) when Lehl returned to Portland and purchased the downtown route from Deering, the union refused to permit him to be reactivated in the union; (4) the union officials tried to persuade Mr. Adams of Meier & Frank Co. and the Managers of Fry Roofing Company to discontinue using Deering and Lehl as collectors; (5) the union representatives offered to purchase Deering's truck and pay him \$1,000 if he would stay away from Cedar Hills. Hohnstein denied that the union had made any effort except that Deines visited meetings of the Board of Directors of the Homes Association and tried to influence the directors to give the contract to Hohnstein instead of Deering. Some of the persons at the meeting understood Deines and Hohnstein to be threatening damage or violence to Deering and his equipment.

Deering obtained and performed the Cedar Hills contract and a new one for the year 1955 has been executed. Lehl has continued to service the Deering downtown route and both Deering and Lehl continue as non-union operators.

So far as Deering knows, Butler, Lehl and he are the only non-union operators. The Blum brothers, former non-union operators, have gone out of business. Deering and Lehl seem to be on a fairly friendly basis with the union and its members, except in business competition.

Hohnstein and the union have continued to exert pressure on the Board of Directors of the Homes Association. They have continued to submit bids and to urge residents to transfer from Deering to Hohnstein, without apparent success.

The allocation of territories fringing the city of Portland, and the supervision over the routes which are in the hands of a small number of union collectors, are even more jealously guarded and protected by the union than the allocation and supervision of the older accounts and routes in the city.\*\* Not only is this a furtherance of the union's policies of limiting competition, but it is particularly important in the suburban areas because a collector gains a new account for nothing when a new home is built in his area, and he is enriched by the value of that account when he wants to sell his route. The Cedar Hills area is such a district of growing homes and as building continues, the value of the route increases without investment by the collector.

Recently one of Deering's residential accounts in Cedar Hills moved out of the area to an adjoining area serviced by Hohnstein. The threatened invasion by Deering has caused a new incident. Hohnstein has repeatedly picked up the garbage before Deering could get there. Deering told the householder either to let Hohnstein continue to pick it

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\*See comment on determining routes p. 52 supra.

up and refuse to pay him, or to call the sheriff to prevent Hohnstein from trespassing. Hohnstein believes that Deering has made trouble.

Deering told the Committee as follows: On April 16, 1955, at 21st and S. W. Jefferson in Portland, two of Hohnstein's employees approached Deering as he stopped to pick up his helper. An argument over the individual residential account took place. The following conversation is reported to have occurred:

Hohnstein driver: "You won't operate very long if you find yourself in the hospital."

Deering: "Are you threatening me?"

Driver: "Take it any way you want. I've killed a lot of Krauts in the last war, and you're just another one to me."

Shortly thereafter, Hohnstein himself met Deering at The Patio, and Deering told Hohnstein about the drivers' threatening him. Hohnstein said, "Well, what did you bid on this deal for?" Deering told Hohnstein that he had been invited to submit a bid. Hohnstein then asked, "Then why so cheap?" Deering replied that he figured he could do it at that price. Hohnstein said, "Pete, you're going to get a darned good licking one of these days for that."

As a result of these threats, Deering was frightened and consulted his lawyer and called Deines for assistance. Deines told him, "Pete, you wrote your own ticket. You go ahead and do what you want."

Hohnstein denies that he or his drivers threatened Deering. Hohnstein is and has been outraged that Deering would cut the prevailing price and would compete with him for the Cedar Hills contract. Hohnstein said that he had purchased the route from others and he expected Deering, if he wanted the route, to purchase it.

It appears to your Committee that Deering probably violated the union's rules against competition. Your Committee uses this illustration to show that there are such rules and what they are.

## DISPOSAL SYSTEM

Portland owns and operates the garbage disposal system. The Commissioner of Public Utilities is the administrative head. Under him is the engineer in charge of the Sewage and Refuse Disposal Bureau, and immediately under him is the Superintendent of the Bureau of Refuse Disposal, who actually operates the incinerator and the fill.

The incinerator and fill are located on North Swift Avenue, north of St. Johns. The incinerator is located on about 40 acres of land on the south side of North Swift Avenue and the fill is across the street on the north side. Originally, the fill was part of the so-called Bybee Slough of the Columbia River where the city now owns 379 acres, of which approximately 100 acres have been used at one time or another as a garbage fill.

The incinerator was built in 1932 at a cost of \$131,400. It is a concrete and brick building with three furnaces. It is used only for the types of garbage such as dead animals, contaminated foods, and business records for which certain and complete destruction is desirable. Only two of the three furnaces are operated and incinerator employees have sufficient time to keep it in good working order.

It costs four times as much to dispose of a ton of garbage in the incinerator as it does in the fill. Figures given to us by the Superintendent show that it costs approximately \$2.00 a ton to operate the incinerator and between 40c and 50c a ton to operate the fill.

The current operating expenses for the incinerator and fill together are about \$115,000 a year. About \$96,000 in fees are charged collectors and others using the facilities. The rest is appropriated by the City from general tax levies.

Near the entrance to the fill is the Superintendent's office. The cashier who collects fees (about 25c per cubic yard) from private persons who wish to dump, is also in that office.

The present working fills are about a mile farther north of the office and across an arm of the slough. On the right is the burning fill, where loads primarily of combustible materials are dumped and burned under the supervision of city employees. To the left is the dumping fill.

The City maintains roads into the fills. The more or less permanent roads have gravel or asphalt surfaces. The roads into the actual fills are covered with sawdust.

The garbage trucks dump along the face of the fill; bulldozers push the garbage over the face and in the process, compress the prior loads. After the fill is compressed by the trucks and bulldozers, tractor-loaders cover the garbage with sawdust or occasionally with sand from the slough. The filling goes back and forth over the old fills as they settle.

In summary, Portland uses a combination of three different methods of disposing of its garbage. It burns in a sealed incinerator special types of garbage; it burns as much of the combustible material as can be easily separated in the loads as they come in; and it dumps on a naturally low area the remaining garbage which is compacted by the weight of the trucks and bulldozers and eventually decomposes by natural processes.

Nothing is done to control the seagull population at the fill but periodic attempts are made to poison the rodents. According to our medical expert, Dr. Adolph Weinzirl, Professor of Public Health and Preventive Medicine, University of Oregon Medical School, the rodents at the fill are not a serious health menace because they are well confined to the area, and many other safeguards prevent them from being much more than a potential danger.

The City Bureau of Health sprays the fill with insecticides when the fly or mosquito population becomes a nuisance. Whenever the Superintendent feels that control is necessary, he calls the Bureau of Health and they send their plane or truck with the insecticide. September and October are the worst months.

The fill is open at all times. Between 250 and 270 loads of garbage are dumped each day. In the Superintendent's opinion the fill will last for another 20 or 30 years as it is now operating.

There are some private fills which take loads of some types of non-organic garbage. At least one private dump will take all kinds of garbage. The city officials permit it to operate during the winter months when it creates no very serious health or esthetic problems, but as soon as it creates a substantial number of complaints they close it down.

A very serious and expensive omission from Portland's disposal system is the lack of a fill convenient to the southern part of the city. The present incinerator and fill are about 13 miles north of the city center, so that from the southeastern and southwestern parts of the city, the distance is so great that the collectors from those districts are unable to make more than one trip a day.

The city has made several efforts to find a location for a new fill, but with no success because of the opposition of the surrounding property owners to every location found. The city could, of course, condemn a new site, but it would be unpopular with the people and therefore politically hazardous.

The union is very concerned with solving this problem because its members could increase their efficiency by hauling more than one load a day. The union has suggested the area known as Oaks Park Bottom, which probably would be more economically useful if it were filled. The union has also approached Multnomah County with a proposal, to allow the collectors to fill some of the county's used gravel pits east of the city limits.

No great amount of salvaging is done. Some collectors salvage cardboard containers and sell them to merchants for use in warehouse operations. Most collectors occasionally find a valuable piece of metal in the garbage and sell it to one of the metal buyers who have offices near the entrance to the fill. In addition, the city licenses a few scavengers who operate on the fill and salvage wood and pieces of metal. The extent of their operations, however, is meager in view of the large volume of refuse which finds its way into the fill.

Except for such efforts, the only use Portland makes of its refuse is to fill up low areas. Although not much economic use has been made of the refuse, it has been disposed of cheaply. Actually, in the long run such disposition may be most expensive because of the loss of valuable organic matter.

In recent years three factors have motivated a re-examination of disposal methods:

- (a) As population density increases it becomes correspondingly difficult to obtain areas in which to dump garbage. Portland is just beginning to feel the pinch, but in some areas of California it has become almost impossible to find land for garbage dumps.
- (b) The development of high concentrations of smoke and gases in and near cities ("smog") has made the use of combustion (by incinerators and fills) an undesirable means of disposing of garbage.
- (c) Increasing costs of garbage disposal have led public administrators to consider the possibility of other methods of salvage.

For several years the University of California and Michigan State University have each conducted scientific research projects on utilization of refuse. These projects have made available for the first time some sound technical material.

Private capital has undertaken the utilization of garbage in Oakland, Cal. Another private corporation in Chicago has developed a patented method of making fertilizer from refuse and has had excellent results from a plant in the Chicago stockyards.

Tacoma, Wash., has undertaken extensive experiments in composting of garbage. There the entire collection of garbage, refuse and sewage sludge are dumped on the ground in piles between 5 and 6 feet in height. These are turned twice a week by a bulldozer and the proper moisture conditions are maintained for natural composting. After about four weeks the entire mass is placed through a vibrating screen to separate the organic matter from the non-organic matter. The refuse from the screen is deposited in the fill and the screened material is sold as compost. It has about the same chemical analysis as cow manure but has no noticeable odor. The Orthopedic Guild of Tacoma has undertaken to sell the material at \$1.50 a sack or \$5.00 a cubic yard.

Tacoma officials hope that the life of its fill can be extended approximately six times because the organic material will not be deposited there. It is anticipated that the income from the sale of the material will cut the cost of operating the city dump approximately one-third. In addition, the city hopes to develop methods by which some inorganic matter can be incorporated into the compost by grinding or other means.

Your Committee does not believe that the experiments conducted in Tacoma, Oakland or Chicago have produced the final solution to the problem of how to dispose of, and salvage, municipal garbage economically. These experiments, however, are the beginning of a serious effort to find new and better methods.

The need for such methods is not as pressing in Portland as in many other parts of the country, and partly for that reason Portland has done nothing to assist in the development of new methods. However, Portland could and should permit and encourage experimentation by private capital with the salvaging of the garbage produced by Portland. Unless private capital is willing to undertake such experimentation, your Committee believes it will not be done.

## MUNICIPAL OWNERSHIP AND REGULATIONS

Having found the facts detailed above, the Committee faced the problem of what, if anything, the City of Portland should do about its garbage collection system, particularly since the monopolistic activities of the Union probably increased the cost to the community. The Committee came to the conclusion that, if it were the City Council, it would do nothing at this time except change the license ordinance as recommended in this report, even though the Committee could not condone the monopolistic practices and results.

Actually the Committee faced the problem before its members had a full understanding of the facts. We found that people generally, and the individual members of the Committee, had initial and immediate reactions which involved the possibility of municipal control or ownership. People associate garbage collection with public health and safety. They also associate it with municipal functions because municipal ownership or contract collection is common throughout the country.

However, the questions of health and safety are secondary to those of convenience and extent of service and cost to the community. It is impossible to compare the conditions in Portland and the conditions in other cities and therefore difficult to predict the outcome of any change in method of collecting garbage. In short, the decision with respect to the city's ownership and operation of its garbage collection system should not be based upon any assumptions as to whether the activity affects the public interest, but rather upon a determination of whether the present privately owned system is satisfactory in terms of service performed and the cost.

Presumably the alternatives to the present system are:

- (1) The Council could direct the City Attorney to begin a suit to restrain the collectors from engaging in monopolistic practices;

(2) The Council could regulate the operation of the collection system by means of an elaborate code of ordinances in which the services to be performed and the method of paying for the service would be set forth;

(3) The Council could grant a contract to one collector for the whole city;

(4) The City could collect the garbage itself, with its own equipment and employees.

As a practical matter, the Council probably would do none of those things unless the situation were sufficiently serious that a large group of citizens really demanded action. At the present time the situation does not seem to be that serious, nor does it threaten to become so.

A common-law suit to restrain a conspiracy in restraint of trade is at best a clumsy and uncertain tool. The conspiracy probably would continue underground. At best the court could only eliminate some of the symptoms.

The Union has from time to time urged the city to regulate its charges by ordinance. The theory has been that the Union would then have official municipal sanction for the minimum fees set by the Union. This Committee believes that the regulation of the charges and the services to be performed, by ordinance, would accomplish little more than give such municipal sanction.

A possibility of a single contract or several contracts is only a compromise. The monopoly would continue but the city would have more control with the contract. The salaried employees of the contractor presumably would not have the interest in the successful operation of the business and would therefore be less efficient and the operation would be more costly than the individual business men now doing the work. Over a period of years this loss of efficiency would tend to increase because there would be no practical check on the contractual operator.

Municipal ownership would involve a substantial capital outlay and a new payroll in the city budget. The present operators are not subject to political influence and are hard-working and efficient because any profit from their successful operation is their own gain.

The threat of any one of these alternatives occurring has kept the Union from permitting the situation to become so flagrant that the people would insist upon action. In other words, at the present time, although the Committee could not condone the monopolistic practices of the Union or the added cost attributable thereto, it appeared to the Committee that the services rendered were generally satisfactory. However, though the costs may be higher than under a genuinely competitive free enterprise situation, they are apparently not outrageously high. Admittedly, however, the situation might become so bad that the Council would change its mind and adopt one of the alternatives. In addition, the Committee was clearly aware that its recommendations and determinations were influenced by its own preference for independent business men and the efficient operation of the present garbage collectors.

This does not mean that the Committee liked the situation or was hoodwinked by the Union status.

Actually, your Committee has no complaint with the fact that the garbage collectors are members of a union. Our complaint stems from the fact that this particular union is, in effect, an employers' association in which licensed operators have used accepted union privileges to further monopolistic practices. Actually, the practices engaged in by the garbage collectors do not differ from, nor create any greater problem than the monopolistic practices undertaken by any such combination of businesses affected by the public interest. The fact is that the American public has not awakened to the great danger of these practices to our free economy, and the legislature, because of the political power of pressure groups, has been hesitant to do anything about it.

In short, your Committee believes that combinations in restraint of trade, whether such combinations are of large businesses, of small individual businesses, of employees, or of garbage collectors, can only be effectively dealt with if the public becomes aware of their activities and insists that existing laws be enforced to restrain such activities or that their legislators pass adequate laws and set up administrative machinery to eliminate such practices.

## CONCLUSIONS

Your Committee has agreed upon the following conclusions:

(1) It is possible that the garbage collectors engage in racial discrimination, but the Committee believes that the single case of alleged discrimination brought to our attention was actually attributable to competition for business.

(2) The garbage collectors union is not a combination of employees in the sense that it is organized and controlled by a group of persons who work for others, but is a group of businessmen who have used the privileges granted by our society to unions, to assist them in their efforts to control prices, services and routes.

(3) Portland's garbage collectors render services which are as complete and convenient to the customer and as extensive as are rendered in any other city, and your Committee believes that the quality of such service is reflected in the somewhat higher costs to Portland's residents. Your Committee also believes that there is an additional element in the cost attributable to certain monopolistic practices by the collectors, but we cannot determine the amount thereof.

(4) Portland's system of garbage disposal as opposed to collection is one of the most common, least expensive and least desirable types.

(5) The City of Portland by its ordinance tends to assist the garbage collectors union in controlling entrance to and continuance in the business of garbage collecting and other monopolistic practices.

## RECOMMENDATIONS

Your Committee, therefore, recommends as follows:

- (1) That the City of Portland, by its ordinance;
  - (a) eliminate all requirements that a list of customers be supplied by an applicant for a license to engage in garbage collection;
  - (b) provide that the only requirement for issuance of a license, in addition to payment of the license fee, be a showing that the applicant has sufficient equipment to collect garbage in a sanitary manner; and,
  - (c) stipulate that licenses, once granted, are not transferrable.
- (2) That the City of Portland by ordinance make no other change at this time in the present collection system, but that it continue its surveillance of the present collection system to see whether a practical alternative should be adopted in the future.
- (3) That the City of Portland should itself and encourage others to experiment with methods for the disposal and salvaging of garbage.

Respectfully submitted,

DR. THOMAS COATES

JAMES E. MAXWELL

R. W. NAHSTOLL

HOWARD H. CAMPBELL, *Chairman*

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